

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: PEOPLES NATURAL GAS COMPANY, DIVISION OF UTILICORP UNITED INC.	DOCKET NO. TF-99-253 (ECR-93-3) (ECR-96-2)
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**ORDER DOCKETING COST RECOVERY FACTOR, SCHEDULING PRUDENCE
REVIEW, AND SETTING PROCEDURAL SCHEDULE**

(Issued September 22, 1999)

On August 23, 1999, Peoples Natural Gas Company (Peoples), Division of UtiliCorp United Inc., filed with the Utilities Board (Board) an annual reconciliation and revised energy efficiency factors pursuant to IOWA ADMIN. CODE 199-35.12 (1999). The proposed energy efficiency factor revisions allow for the recovery of previously-approved costs, deferred past costs, and estimated contemporaneous costs.

On September 10, 1999, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an objection to Peoples' proposed revised energy efficiency factors. Consumer Advocate proposed the Board reject Peoples' application and immediately require Peoples to refund overrecovered amounts. According to Consumer Advocate, Peoples has substantially overrecovered its contemporaneous expenditures. Consumer Advocate contends a substantial portion of the overrecovery is due to a reduction associated with the Energy and Global Warming Centers (EGWC) assessment. On September 14, 1999, Peoples filed a

response stating the reduction associated with the EGWC assessment is a temporary condition due to the accounting method used by Peoples. Peoples argued the reduction is due to timing and is not a true overrecovery.

The Board will docket the proposed tariff for further investigation. The relationship between the accounting method and the proposed reconciliation is uncertain. Therefore, the Board will set a procedural schedule and conduct an immediate investigation. At the conclusion of the proceeding, the Board will be able to determine whether Peoples should refund amounts to customers.

In reviewing Peoples' filing, the Board became aware that the amount Peoples reported as current year actual energy efficiency program costs, \$855,932, is substantially below the approved annual budget amount of \$1,893,335. Peoples should explain this deviation from the approved budgeted amount. Therefore, in connection with the review of Peoples' reconciliation, the Board will conduct an evaluation of the reasonableness and prudence of Peoples' implementation of its energy efficiency plans and budgets pursuant to IOWA ADMIN. CODE 199-35.13 (1999). The review will focus on the years 1996 through 1998 and will also address the reduced levels of implementation in 1998 and 1999. Peoples should file prepared direct testimony regarding its efforts in implementing its currently approved energy efficiency plan, as described in IOWA ADMIN. CODE 199-35.13(1)"a" (1999).

IT IS THEREFORE ORDERED:

1. The application for approval of revised energy efficiency factors filed by Peoples Natural Gas Company, Division of UtiliCorp United Inc., on August 23, 1999,

identified as TF-99-253 (ECR-96-2, ECR-93-3) is docketed for investigation. Tariff filing TF-99-253 is suspended.

2. A prudence review is initiated on the Board's motion, pursuant to IOWA ADMIN. CODE 199-35.13 (1999).

3. The following procedural schedule is established:

a. Peoples Natural Gas Company shall file prepared direct testimony, with underlying workpapers and exhibits on or before November 3, 1999. If Peoples references a data request in its prepared testimony, the data request shall be filed as an exhibit.

b. The Consumer Advocate Division of the Department of Justice and any intervenors shall file rebuttal testimony, with underlying workpapers and exhibits, on or before December 22, 1999. If a party references a data request in its prepared testimony, the data request shall be filed as an exhibit.

c. All parties may file rebuttal testimony to the testimony and exhibits filed on November 3, 1999, or December 22, 1999, on or before January 12, 2000. If a party references a data request in its prepared testimony, the data request shall be filed as an exhibit.

d. The parties shall file a joint statement of the issues on or before January 19, 2000.

d. A hearing shall be held beginning at 10 a.m. on January 27, 2000. The parties shall appear one-half hour prior to the time of the hearing for the purpose of marking exhibits. The hearing shall be held in

the Iowa Utilities Board Hearing Room, 350 Maple, Des Moines, Iowa.

Persons with disabilities requiring assistive services or devices to observe or participate should contact the Utilities Board at (515) 281-5979 in advance of the scheduled date to request that appropriate arrangements be made.

e. The parties may file simultaneous initial briefs on or before February 9, 2000.

f. All parties who filed initial briefs may file reply briefs on or before February 16, 2000.

3. In the absence of objection, all underlying workpapers shall become a part of the evidentiary record of these proceedings at the time the related testimony and exhibits are entered into the record.

4. In the absence of objection, all data requests and responses referred to in oral testimony or on cross-examination which have not been previously filed shall become a part of the evidentiary record of these proceedings. The party making reference to the data request shall file an original and six copies of the data request and response with the Board at the earliest possible time.

5. In the absence of objection, when the Board has called for further evidence on any issue and the evidence is filed after the close of the hearing, the evidentiary record will be reopened and the evidence will become part of the record five days after the evidence is filed with the Board. All evidence filed pursuant to this

paragraph shall be filed no later than seven days after the close of the hearing in this proceeding.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr. /s/ Diane Munns
Executive Secretary

Dated at Des Moines, Iowa, this 22nd day of September, 1999.